IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

In Re: Sentinel Trust Company	)	
	)	Case No. 4781
	)	
	)	

AFFIDAVIT OF MARY-MARGARET COLLIER

I, Mary-Margaret Collier, having been duly sworn, do attest to the following:

1) I am of majority age and have personal knowledge of the matters set forth in this affidavit.

2) I am currently Director of the Division of Bond Finance, Office of the Comptroller of the Treasury for the State of Tennessee.

3) I have become familiar with various aspects of the Sentinel Trust receivership, in particular, the treatment of various municipal bonds issued by Tennessee municipalities and counties for which Sentinel Trust provides paying agent and/or trustee services.

4) It is my understand that in several instances, separate investments are being held by Sentinel Trust on the specific behalf of a particular municipal bond issue. These investments are specifically held to address payments owed in the future on the specific municipal bond for which the investment is held.

5) To the extent that successor paying agents and/or trustees take over the servicing heretofore provided by Sentinel Trust regarding any of these particular municipal bond issues, the investments that are being separately held for that bond issue must be placed under the control of that successor paying agent or trustee for the payments on the particular bond issue.

6) If those investments were used for any other purpose, the result would be that funds that had been specifically segregated and held for a particular bond payment would not be

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available when that payment is due. This, in turn, would result in either the default of the bond or the city or county government having to pay additional monies (in effect paying twice) to make up the shortfall.

7) These circumstances would cause significant harm. Obviously, if the bond issue goes into default, the bondholders and the municipal bond issuer are injured. The bond rating of that particular governmental entity will suffer, thus, impacting upon marketability of the bond, both in the primary and secondary markets, and upon its ability to issue subsequent bonds for needed matters such as schools, roads, utility systems, hospitals, and other capital works projects.

8) A default under an insured bond issue resulting from the use of a segregated investment for a purpose other than for the payment of debt service, or other payments due, could result in a claim upon the bond insurance, causing future insurance costs to rise and create a lack of confidence with the municipal bond insurers who do business with Tennessee municipal issuers.

9) If a governmental entity, to avoid default, were forced to "pay twice" because investments specifically held for bond payment were used for other purposes, then such could have direct and injurious impact upon that entity's budget, which, in turn, could cause the raising of taxes or the cutting of services. This type of harm would be particularly acute on the smaller city governments and rural county governments in Tennessee.

10) Also, without assurance that investments specifically segregated and held for payments on a particular bond issue will be used for that purpose, the municipal bond market (including institutional holders of bond issues) will have doubt in holding Tennessee municipal bonds.

11) In short, if the investments specifically held for payments on a particular bond are not used for that purpose (including not being transferred to a successor paying agent or trustee) then there will be very injurious consequences both in relation to limitations Tennessee municipal bonds will have placed upon them in the market place and in relation to the added costs of business that will result, costs that will ultimately be visited upon Tennessee taxpayers.

Further Affiant Sayeth Not:

Mary-Margaret Collier

Mary-Margaret Collier

Sworn to and subscribed before me,
this 1st day of July, 200

Koni S. Swift

Notary Public

KONI S. SWIFT NOTARY PUBLIC AT LARGE DAVIDSON COUNTY, TENN.

My Commission Expires: My Commission Expires MAR. 25, 2006

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